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IN THE

Supreme Court of the United States

OCTOBER TERM, 1973

No. 73-1145

TECHNICAL DEVELOPMENT CORPORATION and FRANKLIN F. OFFNER, *Petitioners*

v.

UNITED STATES

On Petition for a Writ of Certiorari to the United States Court of Claims

PETITION FOR REHEARING OF ORDER DENYING CERTIORARI

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Petitioners respectfully pray that the Court reconsider and vacate its order denying their Petition for Writ of Certiorari to review the judgment of the United States Court of Claims in the above entitled cause, entered by this Court on May 13, 1974, and grant the Petition for Writ of Certiorari.

As grounds for this petition, Petitioners respectfully request the Court's consideration of the following:

1. On May 28, 1974, this Court granted a Petition for Writ of Certiorari to the United States Court of Claims in *Williams & Wilkins Company* v. *United States,* No. 73-1279 (filed October 20, 1973);

2. Substantially the same question is presented in the petition of The Williams & Wilkins Company and the petition filed in this case. The common question is:

> Has the Court of Claims correctly applied the legislative mandate of 28 U.S.C. § 1498 when it excuses infringement by the Government of patents or copyrights on the ground of "fair use" or "public policy"?

3. Since this Court has granted certiorari in the *Williams & Wilkins* case and since essentially the same issue is involved, except as applied to patents, it is respectfully submitted that certiorari should be granted in this case also, so that both cases may be heard and determined together.

ARGUMENT

The Court of Claims has exclusive jurisdiction over claims for infringement of copyrights and patents by the United States, 28 U.S.C. § 1498(a),(b). This is, in effect, an eminent domain statute, *Crozier* v. *Krupp,* 224 U.S. 290, 305 (1911); *Richmond Screw Anchor Co.* v. *United States,* 275 U.S. 231 (1928); *Irving Air Chute Co.* v. *United States,* 117 Ct. Cl. 799,87 U.S.P.Q. 246 (1950).

The Petitioner in *Williams & Wilkins Company* v. *United States, supra,* is seeking reasonable compensa-

tion for the "taking" of Petitioner's copyrights.[1] A major argument presented in that Petition is:

> "Congress provided for copyright compensation as a companion subsection to the long-established provision covering government liability for patent infringement. The operation of the two remedies is similar . . . .
>
> As recognized by Congress, the government *in both patent and copyright situations* must have the right to use the protected work, subject only to the requirement that it pay the proprietor a reasonable compensation. Petitioner submits that the complete disregard of this approach by the majority of the Court of Claims . . . frustrates the legislative purpose." [Petition, p. 17 emphasis added]

In the present case, the Petitioners have made the identical argument respecting the "taking" of the Petitioners' patents. They have asserted (Question No. 2, Petition, p. 2) that the denial by the Court of Claims of reasonable compensation for the "taking" of their patents because of "public policy" or "implied license" constitutes a "taking" without just compensation—just as the Petitioner in *Williams & Wilkins* is arguing with respect to the "taking" of its copyrght. The close identity of the basic issue in this case and in the *Williams & Wilkins* case amply justifies a reconsideration of the denial of certiorari here. In fact, it would be entirely appropriate for this Court to hear and consider the instant case at the time it hears and considers the *Williams & Wilkins* case, thereby permitting a fuller exploration of the "public policy" and "implied license" implications of § 1498. Much of what can be argued and considered in this case would be

[1] Petition, p. 12.

most relevant to the dialogue that will occur before his Court in *Williams & Wilkins,* and it would be most helpful to the lower courts and to the bar to have a definitive ruling as to the § 1498 problem as it affects both of those important commercial twins, patents and copyrights.

The instant case represents a further application of the expanded policy of 28 U.S.C. § 1498, as first expressed by the Court of Claims in *Mine Safety Appliances Co.* v. *United States,* 176 Ct. Cl. 177, 789; 364 F.2d 385, 392 (1966),[2] wherein the Court denied a claim by a patentee and licensee for unauthorized "taking" by the United States of patent rights in the invention of a crash helmet. The Court there stated wtih regard to legislative policy of 28 U.S.C. § 1498:

> "Even in the absence of a patent-license clause in the contract, the same general policy has been applied by this Court to give the United States an implied license, as against the contractor-patentee, to use inventions resulting from a federal experimental and development contract."[3]

The patentee did not seek review of the Court of Claims decision in *Mine Safety,* and this Court has not previously had an opportunity to review the expanded license policy first announced in *Mine Safety* and subsequently applied in several decisions of the Court of Claims (Petition, pp. 13-16). Precisely the same expanded policy was, in effect, borrowed from *Mine Safety* and applied to bar recovery in *Williams & Wilkins* for governmental use of copyrights. Thus,

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[2] Pet. App. pp. 6, 15, 16, 71.

[3] Judge Collins concured only in the result. He did not accept the "questionable license theory" of the majority opinion, *id.* at 791, 364 F.2d at 393.

the Court now has the unique opportunity to consider that broadened policy as extended to: (1) one of a continuing series of patent cases arising under § 1498 (a); and (2) the first copyright case under § 1498(b).[4]

The facts involved in *Williams & Wilkins* are obviously different from the facts in the present case, but both cases turn on the Court of Claims' expanded license policy derived from 28 U.S.C. § 1498. Petitioner, Offner, at his own expense, developed, built and tested an electronic engine speed control system for aircraft jet engines. Subsequently, Dr. Offner made a gratuitous demonstration of his system to Air Force personnel, and the Air Force purchased one of the control systems. A patent was granted to Dr. Offner on his electronic engine speed control system. He made further developments upon which a second patent was ultimately granted. The Air Force awarded a contract to Allison Division of General Motors Corporation to test various fuel control systems, including Dr. Offner's improved system. Allison purchased one of Offner's systems from Thompson Products Company, a licensee of Offner, and successfully tested it on a jet engine supplied by Allison.

Later, government agencies purchased the patented electronic fuel systems from unlicensed manufacturers, and Petitioners brought suit in the Court of Claims to recover reasonable compensation under 28 U.S.C. § 1498 for the use of the patented inventions. Although neither Petitioner was a party to the contract between Allison and Thompson, the Court concluded that the improvement patent was licensed to the government

[4] There is no substantive difference between the policy of § 1498(a) and § 1498(b), see *Williams & Wilkins*, Pet. p. 17.

either under an implied license theory or under a joint venture theory. The Court of Claims did not conclude that the government was licensed under the terms of a contract clause. Instead, the Court applied the policy announced in *Mine Safety* to give the government greater latitude in avoiding liability than private defendants have (Pet. App. pp. 15, 16). If the law of patent licensing that presently controls the rights of private parties were applied to the facts in the present case, the government's license defense would fail and Petitioners would be entitled to reasonable compensation under § 1498.[5]

The eminent domain statute for patent and copyright use by the government subjects the patents and copyrights involved to compulsory licensing in favor of the government. The denial of compensation for use of a copyright under the doctrine of "fair use" is essentially the same as the denial of compensation for the use of a patent on the ground of implied license or joint venture. As applied to copyrights and patents, respectively, these may be appropriate defenses available to the government, *DeForest Radio Telephone & Telegraph Co.* v. *United States*, 273 U.S. 236; 47 S.Ct. 366 (1927), but the injustice to Petitioners in both cases is in the use of these license defenses as a basis for applying a public policy as seen by the Court of Claims to give the government greater immunity from damages than would result if the suit were between private parties. Congress, when enacting 28 U.S.C. § 1498, did not express an intention to broaden the immunity

[5] The procedural problem presented in Question 3 of the Petition in the present case involving the closing of proof without giving Petitioners an opportunity to offer evidence relating to the license defense is not dispositive of the license defense issue.

of the government, but on the contrary enacted the policy of awarding reasonable and entire compensation for use by the government of patents and copyrights.

The decisions of the Court of Claims in *Williams & Wilkins* and in this case erroneously construed congressional intent in 28 U.S.C. § 1498 to deny compensation for proven use of the Petitioners' copyrights and patents.[6] As stated by Chief Judge Cowen in dissenting from the majority opinion in *Williams & Wilkins Co.* v. *United States,* 487 F.2d at 1367:

> "... If Congress had intended to relieve Government agencies from liability for copyright infringement whenever the material is copied or otherwise reproduced without charge to the recipient, there would have been no need for the enactment of the 1960 Amendment, now 28 U.S.C. § 1498 (b), which gives us jurisdiction of this action."

CONCLUSION

For the reasons set forth in this Petition for Rehearing, as well as in the Petition for Wirt of Certiorari previously filed, it is respectfully urged that this Petition for Rehearing be granted and that upon further consideration, a Writ of Certiorari issue to the United States Court of Claims, so that this case may

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[6] The decision of the Court of Appeals in *General Tire & Rubber Co.* v. *Firestone Tire & Rubber Co.*, 489 F.2d 1105 (6th Cir. 1973) which was before this Court on Petition for a Writ of Certiorari No. 73-1529 when Petitioner applied for an extension of time, upon further study is not as relevant to the issues herein as the *Williams & Wilkins* case. Certiorari was denied in the *General Tire* case on June 3, 1974, but a petition for rehearing of that denial is now pending before this Court.

be heard and considered in tandem with the *Williams & Wilkins* case.

Respectfully submitted,

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I hereby certify that this Petition for Rehearing is presented in good faith and not for delay, and that this Petition is restricted to the grounds specified in Rule 58(2).

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